

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 897 - SB 804**

March 6, 2021

**SUMMARY OF BILL:** Requires the Department of Commerce and Insurance (DCI) to implement a registration program for the practice of bail bonding. Effective January 1, 2022, transfers responsibility of registering professional bondsmen from local courts to the DCI. Authorizes bondsmen to appeal disciplinary actions with a contested case hearing under the *Uniform Administrative Procedures Act* (UAPA). Increases, from 8 to 16 hours, the amount of annual continuing education that bondsmen are required to obtain annually.

Requires a judge to report the results of an investigation into the insolvency of a bondsman to DCI within seven calendar days.

Requires the regulation of bail bonding to be audited with the audit of the DCI by the Comptroller of the Treasury.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$19,900/FY21-22/Division of Regulatory Boards  
\$38,600/FY22-23 and Subsequent Years/  
Division of Regulatory Boards**

**Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Division of Regulatory Boards experienced a surplus of \$2,141,317 in FY18-19, a surplus of \$2,246,372 in FY19-20, and had a cumulative reserve balance of \$33,213,878 on June 30, 2020. The Division may impose registration and renewal fees to fully or partially offset the additional costs of administering the registration program for the practice of bail bonding.**

**Assumptions:**

- Bondsmen register in and submit required semiannual operating reports to the local county clerk of each county in which the bondsman is furnishing bail or bonds and securing costs and fines.
- Transferring the registration of bondsmen to the DCI will not cause a significant decrease in workload or staffing requirements for any individual local court.
- Pursuant to Tenn. Code Ann. § 40-11-302, professional bondsmen are exempt from licensure as an insurance provider under the DCI.

- There are approximately 1,500 bondsmen registered with local courts that would be required to register under the DCI.
- The DCI would require one additional Regulatory Board Administrative Assistant 1 to administer the registration of the bondsmen.
- An annual recurring increase in state expenditures, for the DCI, beginning in FY21-22, of \$38,609 (\$27,324 salary + \$11,285 benefits).
- A one-time increase in state expenditures of \$600 in FY21-22 for supplies for the new position.
- Due to an effective date for the transfer of registrations of January 1, 2022, the additional position will have an impact of \$19,305 ( $38,609 \times 50.0\%$ ) in FY21-22.
- A total increase in state expenditures, to the DCI, in FY21-22 of \$19,905 (\$600 + \$19,305).
- A recurring increase in state expenditures, to the DCI, in FY22-23 and subsequent years, of \$38,609.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. This new regulatory program will be placed under the Division of Regulatory Boards; therefore, this program will be required to collect, at minimum, sufficient revenue to offset expenditures incurred by administering the program.
- Authorizing bondsman to appeal disciplinary actions through a contested case hearing under the UAPA is not estimated to cause a significant number of hearings for the DCI to see any significant change in revenue or expenditures.
- Continuing education is obtained through a third-party association; therefore, increasing the number of hours required annually will not increase revenue to the DCI.
- Pursuant to Tenn. Code Ann. § 40-11-305, the judge of any court in this state in which a bondsman executes bonds or furnishes bail is authorized to inquire into the solvency of any bondsman.
- The proposed legislation requires a judge who conducts such inquiry to report the results to the DCI within seven calendar days. Any judge conducting an inquiry can adhere to the provisions of the legislation within existing resources.
- The Comptroller of the Treasury can include the regulation of bail bonding with the audit of the DCI within existing resources.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-sufficient over any two-year period. The Division of Regulatory Boards experienced a surplus of \$2,141,317 in FY18-19, a surplus of \$2,246,372 in FY19-20, and had a cumulative reserve balance of \$33,213,878 on June 30, 2020.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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